

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 7086**

**BILL NUMBER:** SB 309

**NOTE PREPARED:** Jan 4, 2006

**BILL AMENDED:**

**SUBJECT:** Early Childhood Education.

**FIRST AUTHOR:** Sen. Simpson

**BILL STATUS:** As Introduced

**FIRST SPONSOR:**

**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** *Education Service Centers:* This bill specifies areas included in an educational service center's purchasing authority.

*Early Learning Trust Fund:* The bill establishes the Early Education Trust Fund, administered by the Department of Education, to provide funding and grants for educational programs for children from birth through seven years of age.

*Full-Day Kindergarten:* The bill requires school corporations that receive Title I funding to offer full-day kindergarten beginning with the 2007-2008 school year, and all school corporations to offer full-day kindergarten beginning with the 2009-2010 school year.

*Imagination Library:* The bill appropriates \$1,500,000 to the Early Education Trust Fund to be used for matching grants to school corporations to participate in the Imagination Library to provide books for children from birth through five years of age.

*Study:* The bill requires the Department to enter into an agreement with a qualified entity to conduct a study and to prepare a report on the amount of money attributable to each factor within the complexity index and to develop a fixed cost index for each school corporation in Indiana.

**Effective Date:** July 1, 2006.

**Explanation of State Expenditures:** *Early Learning Trust Fund:* The bill establishes the Early Learning Trust

Fund. The Fund may consist of appropriations, federal grants, and private grants and gifts. The Department of Education shall request proposals subject to availability of funding from school corporations, schools, units of local government, and private entities to provide programs for children from birth to age seven. The programs should include the following programs:

1. Full-day kindergarten.
2. Early reading programs, such as the Imagination Library.
3. Head Start and preschool programs, including the expansion of existing programs.
4. Parental education programs, such as Parents as Teachers.
5. Any other innovative program or service that provides early childhood education.

*Imagination Library:* The bill appropriates \$1.5 M for FY 2007 to the Early Learning Trust Fund for distribution to the Imagination Library to establish a free book program for children from birth through age five.

*Study:* The cost to study and to prepare a report on the amount of money attributable to each factor within the complexity index and to develop a fixed cost index for each school corporation in Indiana could range between \$10,000 and \$50,000. The Department has \$387,348 appropriated for research and program development. The account reverted \$11,383 to the state General Fund on June 30, 2005.

*Full-Day Kindergarten:* The full-day kindergarten portion of the bill would not have a state impact on expenditures since kindergarten students in the current school formula still count as  $\frac{1}{2}$  in the calculation of Average Daily Membership. Currently, there is no school formula for CY 2008. The impact on future expenditures would depend on the funding and structure of the full-day kindergarten component in future school funding formulas.

### **Explanation of State Revenues:**

**Explanation of Local Expenditures:** *Education Service Centers:* The bill clarifies that purchasing and financial management by Education Service Centers includes:

1. School buses and other vehicles.
2. Fuel, maintenance, or other services for vehicles.
3. Energy needs.
4. Food services.
5. Facilities.
6. Transportation.
7. Textbooks, technology, and other school materials and supplies.
8. Insurance.
9. Any other purchases a school may require.

The bill could reduce school expenditures by allowing more cooperative purchasing.

*Full-Day Kindergarten:* The bill requires full-day kindergarten be offered in Title I schools starting with the 2007-2008 school year and in all schools starting with the 2009-2010 school year. The bill could increase local school general fund expenditures by about \$90 M for each of the 2007-2008 and 2008-2009 school years and \$142 M for the 2009-2010 school year. The impact on local expenditures assumes about 1,285 new teachers would be added for the 2007-2008 school year and a total of 2,031 added for the 2009-2010 school year. Schools may need additional classrooms to provide full-day kindergarten.

Schools could also incur some additional transportation costs. The estimated increase in transportation costs is about \$11 M for each of the 2007-2008 and 2008-2009 school years and \$17.4 M for the 2009-2010 school year.

It is unknown if schools would need additional classrooms for full-day kindergarten. The fiscal impact would depend on the number of additional classrooms needed. For illustrative purposes if 30% of the classrooms needed to accommodate full-day kindergarten had to be built, then the cost of construction would be about \$121.2 M for CY 2007 and an additional \$71.7 M for CY 2009.

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of Education, Department of Local Government Finance.

**Local Agencies Affected:** Local Schools.

**Information Sources:** Department of Education databases.

**Fiscal Analyst:** Chuck Mayfield, 317-232-4825.